

**Introduced by Senator DeSaulnier**

February 21, 2014

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An act to add Chapter 12.5 (commencing with Section 20020) to Part 11 of Division 1 of Title 1 of the Education Code, relating to financing a public library construction and renovation program by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and by providing for the handling and disposition of those funds.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1455, as introduced, DeSaulnier. California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014.

Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General Obligation Bond Law, in the amount of \$72,405,000 in the 1988 bond act and in the amount of \$350,000,000 in the 2000 bond act, for the purpose of financing library construction and renovation.

This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014, for submission to the voters at the 2014 statewide general election. The bill, if approved by the voters, would authorize the issuance, pursuant to the State General Obligation Bond Law, of an unspecified amount of bonds for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Chapter 12.5 (commencing with Section 20020)  
2     is added to Part 11 of Division 1 of Title 1 of the Education Code,  
3     to read:

4  
5             CHAPTER 12.5. CALIFORNIA READING AND LITERACY  
6             IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND  
7             RENOVATION BOND ACT OF 2014

8  
9                     Article 1. General Provisions

10  
11     20020. This chapter shall be known, and may be cited, as the  
12     California Reading and Literacy Improvement and Public Library  
13     Construction and Renovation Bond Act of 2014.

14     20021. The Legislature finds and declares all of the following:  
15     (a) Reading and literacy skills are fundamental to success in  
16     our economy and our society.

17     (b) Public libraries are a vital part of the educational system.  
18     They provide resources and services for all residents of California,  
19     including preschoolers, out-of-school adults, senior citizens, at-risk  
20     youth, and those attending schools at all levels.

21     (c) In many cases, libraries serve as a community's only public  
22     point of access to resources for learning and by extension,  
23     self-sufficiency.

24     (d) The construction and renovation of public library facilities  
25     is necessary to expand access to reading and literacy programs in  
26     the state public education system and to expand access to public  
27     library services for all residents of California.

28     (e) The need for library facilities continues to grow. A recent  
29     needs assessment compiled by the State Library found that there  
30     is a need for over \_\_\_\_ dollars (\$\_\_\_\_) in public library funding.

31     (f) In March 2000, California voters approved a bond measure  
32     of three hundred fifty million dollars (\$350,000,000) for library  
33     construction and renovation.

34     (g) Due to the overwhelming response by applicants, the  
35     California Public Library Construction and Renovation Board was

1 forced to deny approximately 75 percent of all applications due to  
2 lack of additional bond funding.

3 20022. As used in this chapter, the following terms have the  
4 following meanings:

5 (a) “Board” means the California Public Library Construction  
6 and Renovation Board of 2014 established pursuant to Section  
7 20023.

8 (b) “Committee” means the California Library Construction  
9 and Renovation Finance Committee established pursuant to Section  
10 19972 and continued in existence pursuant to Section 20039 for  
11 purposes of this chapter.

12 (c) “Fund” means the California Public Library Construction  
13 and Renovation Fund of 2014 established pursuant to Section  
14 20024.

15 20023. (a) The California Public Library Construction and  
16 Renovation Board of 2014 is hereby established.

17 (b) The board is comprised of the State Librarian, the Treasurer,  
18 the Director of Finance, an Assembly Member appointed by the  
19 Speaker of the Assembly, a Senator appointed by the Senate  
20 Committee on Rules, and two members appointed by the Governor.

21 (c) Legislative members of the board shall meet with, and  
22 participate in, the work of the board to the extent that their  
23 participation is not incompatible with their duties as Members of  
24 the Legislature. For the purpose of this chapter, Members of the  
25 Legislature who are members of the board constitute a joint  
26 legislative committee on the subject matter of this chapter.

27  
28 Article 2. Program Provisions  
29

30 20024. The proceeds of bonds issued and sold pursuant to this  
31 chapter shall be deposited in the California Public Library  
32 Construction and Renovation Fund of 2014, which is hereby  
33 established.

34 20025. All moneys deposited in the fund, except as provided  
35 in Section 20049, are continuously appropriated to the State  
36 Librarian, notwithstanding Section 13340 of the Government Code,  
37 and are available for grants to any city, county, city and county,  
38 or library district that is authorized at the time of the project  
39 application to own and maintain a public library facility for the  
40 purposes set forth in Section 20026.

20026. The grant funds authorized pursuant to Section 20025 and the matching funds provided pursuant to Section 20032 shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing public library facilities.

(b) Acquisition of land necessary for purposes of subdivision

(a).

(c) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with grants authorized pursuant to this chapter shall include necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.

(d) Procurement or installation, or both, of furnishings and equipment required to make a facility fully operable if the procurement or installation is part of a construction or remodeling project funded pursuant to this chapter.

(e) Payment of fees charged by architects, engineers, and other professionals, whose services are required to plan or execute a project authorized pursuant to this chapter.

(f) Service charges if the services in question are required by the applicant jurisdiction to be provided by a public works or similar department, or by other departments providing professional services if the costs are billed directly to the project pursuant to this chapter.

20027. Grant funds authorized pursuant to Section 20025, or matching funds provided pursuant to Section 20032, shall not be used by a recipient for any of the following purposes:

(a) Books and other library materials.

(b) Administrative costs of the project, including, but not limited to, the costs of any of the following:

(1) Preparation of the grant application.

(2) Procurement of matching funds.

(3) Conduct of an election for obtaining voter approval of the project.

(c) Except as set forth in this chapter, including, but not limited to, Section 20047, interest or other carrying charges for financing the project, including, but not limited to, costs of loans or

1 lease-purchase agreements in excess of the direct costs of any of  
2 the authorized purposes specified in Section 20026.

3 (d) Ongoing operating expenses for the facility, its personnel,  
4 supplies or any other library operations.

5 20028. All construction contracts for projects funded in part  
6 through grants awarded pursuant to this chapter shall be awarded  
7 through competitive bidding pursuant to Part 3 (commencing with  
8 Section 20100) of Division 2 of the Public Contract Code.

9 20029. This chapter shall be administered by the State  
10 Librarian. The board shall adopt rules, regulations, and policies  
11 for implementation of this chapter.

12 20030. A city, county, city and county, or library district may  
13 apply to the State Librarian for a grant pursuant to this chapter as  
14 follows:

15 (a) Each application shall be for a project for a purpose  
16 authorized by Section 20026.

17 (b) An application shall not be submitted for a project for which  
18 construction bids already have been advertised.

19 (c) The applicant shall request not less than five hundred  
20 thousand dollars (\$500,000) per project.

21 20031. In making the awards, the board shall consider  
22 applications for construction or rehabilitation of public library  
23 facilities submitted pursuant to Section 20030 and the funding  
24 shall be allocated in the following manner:

25 (a) First priority shall be given to applications designated  
26 “Outstanding” and deemed eligible by the State Librarian, that  
27 were submitted but not funded in the third application cycle of the  
28 California Reading and Literacy Improvement and Public Library  
29 Construction and Renovation Bond Act of 2000. The total grant  
30 amount awarded by the board for these eligible applications shall  
31 not exceed one hundred fifty million dollars (\$150,000,000).

32 (b) Until regulations are adopted pursuant to Section 20029,  
33 regulations adopted pursuant to the California Reading and Literacy  
34 Improvement and Public Library Construction and Renovation  
35 Bond Act of 2000 (Chapter 12 (commencing with Section 19985))  
36 govern the administration of this chapter, except that a maximum  
37 of thirty million dollars (\$30,000,000) instead of twenty million  
38 dollars (\$20,000,000) may be granted through allocations from  
39 the fund for the applications from the third cycle of the California

1 Reading and Literacy Improvement and Public Library  
2 Construction and Renovation Bond Act of 2000.

3 (c) First priority applicants, as described in subdivision (a), shall  
4 be allowed the opportunity to adjust their original application for  
5 cost inflators since the application initially was filed with the State  
6 Librarian, but adjustments shall not affect a change in the scope,  
7 scale, or quality of the project, nor shall the application exceed the  
8 thirty million dollar (\$30,000,000) allocation cap established in  
9 Section 20032 for the fund.

10 (d) Funds not awarded for the third application cycle pursuant  
11 to the California Reading and Literacy Improvement and Public  
12 Library Construction and Renovation Bond Act of 2000 shall be  
13 awarded on a competitive basis pursuant to this chapter.

14 (e) Except as set forth in paragraph (2), an amount of at least 5  
15 percent of the total bond amount shall be made available for  
16 joint-use projects that meet all of the following requirements:

17 (1) The joint-use project is with one or more public educational  
18 institutions. For the purpose of this section, “public educational  
19 institution” means any of the following:

20 (A) A school district maintaining any combination of educational  
21 settings from kindergarten to grade 12, inclusive.

22 (B) A county office of education.

23 (C) A community college district.

24 (D) A campus of the California State University.

25 (E) A campus of the University of California.

26 (2) The public educational institution or institutions participating  
27 as a joint-use partner or partners provide at least 50 percent of the  
28 35 percent local matching funds required pursuant to subdivision  
29 (a) of Section 20032.

30 (3) Consideration may be given to a proposed joint-use project  
31 to be located in a low-income area.

32 (4) Consideration may be given to a proposed joint-use project  
33 to be located in an area where public schools have low scores on  
34 the Academic Performance Index.

35 (f) If, by June \_\_\_\_, 2016, the total dollar amount of all approved  
36 applications for joint-use projects pursuant to this section exceeds  
37 the total dollar amount made available for joint-use projects  
38 pursuant to subdivision (e), joint-use projects also may be funded  
39 from other funds available to the board pursuant to this chapter.

1 (g) If, by June \_\_\_\_, 2016, the total dollar amount of all  
2 approved applications for joint-use projects pursuant to this section  
3 is less than the total dollar amount made available for joint-use  
4 projects pursuant to subdivision (e), any remaining funds under  
5 subdivision (e) shall be made available for any other grants under  
6 this chapter awarded on a competitive basis in the same manner  
7 as set forth in subdivision (e).

8 20032. (a) Each grant recipient shall provide matching funds  
9 from any available source in an amount equal to 35 percent of the  
10 costs of the project. The remaining 65 percent of the costs of the  
11 project, up to a maximum of thirty million dollars (\$30,000,000)  
12 per project, shall be provided through allocations from the fund.

13 (b) Qualifying matching funds shall be cash expenditures in the  
14 categories specified in Section 20026 that are made not earlier  
15 than five years before the submission of the application to the State  
16 Librarian. Except as otherwise provided in subdivision (c), in-kind  
17 expenditures do not qualify as matching funds.

18 (c) Land donated or otherwise acquired for use as a site for the  
19 facility, including, but not limited to, land purchased more than  
20 five years before the submission of the application to the State  
21 Librarian, may count towards the required 35 percent local fund  
22 contribution at its appraised value as of the date of the application.  
23 This subdivision does not apply to land acquired with funds  
24 authorized pursuant to Part 68 (commencing with Section 100400),  
25 Part 68.1 (commencing with Section 100600), Part 68.2  
26 (commencing with Section 100800), or Part 69 (commencing with  
27 Section 101000), of Division 14 of Title 3.

28 (d) Expenditures for payment of architect fees for plans and  
29 drawings for library renovation and new construction, including,  
30 but not limited to, plans and drawings purchased more than five  
31 years before the submission of the application to the State  
32 Librarian, may count towards the required 35 percent local funds  
33 contribution.

34 20033. (a) The estimated costs of a project for which an  
35 application is submitted shall be consistent with normal public  
36 construction costs in the geographic area of the applicant.

37 (b) An applicant wishing to construct a project having costs that  
38 exceed normal public construction costs in the area may apply for  
39 a grant in an amount not to exceed 65 percent of the normal costs  
40 up to a maximum of thirty million dollars (\$30,000,000) per project

1 if the applicant certifies that it is capable of financing the remainder  
2 of the project costs from other sources.

3 20034. (a) After an application is approved by the board and  
4 included in the request of the State Librarian to the committee, the  
5 amount of the funding to be provided to the applicant shall not be  
6 increased. Actual changes in project costs are the responsibility  
7 of the applicant. If the amount of funding that is provided is greater  
8 than the cost of the project, the applicant shall return that amount  
9 of funding that exceeds the cost of the project to the fund. If an  
10 applicant is awarded funding by the board, but decides not to  
11 proceed with the project, the applicant shall return all of the funding  
12 to the fund.

13 (b) If the State Librarian determines that a grant recipient has  
14 not complied with the terms of its grant award or its grant award  
15 agreement with the State Library, the board may withdraw a grant  
16 award and award the funds previously granted to the recipient to  
17 other eligible applicants. The State Librarian shall notify the  
18 affected grant recipient at least 90 days before a board meeting  
19 where the withdrawal of a grant award will be considered.

20 20035. (a) In reviewing applications, as part of establishing  
21 the priorities set forth in Section 20031, the board shall consider  
22 all of the following factors:

23 (1) The needs of urban, suburban, and rural areas.

24 (2) The age and condition of existing library facilities within  
25 an area.

26 (3) The degree to which existing library facilities are inadequate  
27 in meeting the needs of the residents in the library service area.

28 (4) The degree to which the proposed project responds to the  
29 needs of the residents in the library service area.

30 (5) The degree to which the library integrates appropriate  
31 electronic technologies into the proposed project.

32 (6) The financial commitment of the local agency submitting  
33 the application to open, operate, and maintain the proposed library  
34 project upon its completion.

35 (b) If, after an application has been submitted, material changes  
36 occur that would alter the evaluation of an application, the State  
37 Librarian may accept an additional written statement from the  
38 applicant for consideration by the board.

39 20036. (a) A facility, or a part of a facility, acquired,  
40 constructed, remodeled, or rehabilitated with grants received



1 pursuant to this chapter shall be dedicated to public library direct  
2 service use for a period of at least 20 years following completion  
3 of the project.

4 (b) The financial interest that the state may have in the land or  
5 facility, or both, resulting from the funding of a project under this  
6 chapter, as described in subdivision (a), may be transferred by the  
7 State Librarian through an exchange for a replacement site and  
8 facility acquired or constructed for the purpose of providing public  
9 library direct service.

10 (c) If the facility, or a part of the facility, acquired, constructed,  
11 remodeled, or rehabilitated with grants received pursuant to this  
12 chapter ceases to be used for public library direct service before  
13 the expiration of the period specified in subdivision (a), the board  
14 shall be entitled to recover from the grant recipient, or the successor  
15 of the recipient, an amount that bears the same ratio to the value  
16 of the facility, or appropriate part of the value of the facility, at  
17 the time it ceased to be used for public library direct service, as  
18 the amount of the original grant bore to the original cost of the  
19 facility, or to an appropriate part of the facility. For purposes of  
20 this subdivision, the value of the facility, or appropriate part of the  
21 facility, shall be determined by the mutual agreement of the board  
22 and the grant recipient or successor, or through an action brought  
23 for that purpose in the superior court.

24 (d) Notwithstanding subdivision (f) of Section 16724 of the  
25 Government Code, any money recovered pursuant to subdivision  
26 (c) shall be deposited in the fund, and shall be available for the  
27 purpose of awarding grants for other projects.

### 28 29 Article 3. Fiscal Provisions 30

31 20037. Bonds in the total amount not to exceed \_\_\_\_ dollars  
32 (\$\_\_\_\_), exclusive of refunding bonds issued in accordance with  
33 Section 20045, or so much of refunding bonds as is necessary,  
34 may be issued and sold for deposit in the fund to be used in  
35 accordance with, and for carrying out the purposes expressed in,  
36 this chapter, including all acts amendatory of this chapter and  
37 supplementary to this chapter, and to be used to reimburse the  
38 General Obligation Bond Expense Revolving Fund pursuant to  
39 Section 16724.5 of the Government Code. The bonds, when sold,  
40 shall be and constitute a valid and binding obligation of the State

1 of California, and the full faith and credit of the State of California  
2 is hereby pledged for the punctual payment of both principal and  
3 interest on bonds as the principal and interest become due and  
4 payable.

5 20038. The bonds authorized by this chapter shall be prepared,  
6 executed, issued, sold, paid, and redeemed as provided in the State  
7 General Obligation Bond Law (Chapter 4 (commencing with  
8 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
9 Code), and all of the provisions of that law apply to the bonds and  
10 to this chapter and are hereby incorporated in this chapter as though  
11 set forth in full in this chapter, except Section 16727 of the  
12 Government Code to the extent that it may be inconsistent with  
13 this chapter.

14 20039. (a) For purposes of this chapter, the California Library  
15 Construction and Renovation Finance Committee established  
16 pursuant to Section 19972 is continued in existence and is the  
17 “committee” as that term is used in the State General Obligation  
18 Bond Law for purposes of this chapter.

19 (b) For purposes of the State General Obligation Bond Law, the  
20 California Public Library Construction and Renovation Board of  
21 2014 established pursuant to Section 20023 is designated the board.

22 20040. The committee shall determine whether or not it is  
23 necessary or desirable to issue bonds authorized pursuant to this  
24 chapter in order to carry out the actions specified in this chapter,  
25 including all acts amendatory of this chapter and supplementary  
26 to this chapter, and, if so, the amount of bonds to be issued and  
27 sold. Successive issues of bonds may be authorized and sold to  
28 carry out those actions progressively, and it is not necessary that  
29 all of the bonds authorized to be issued be sold at any one time.

30 20041. There shall be collected each year and in the same  
31 manner and at the same time as other state revenue is collected,  
32 in addition to the ordinary revenues of the state, a sum in an amount  
33 required to pay the principal of, and interest on, the bonds each  
34 year. It is the duty of all officers charged by law with any duty in  
35 regard to the collection of the revenue to do and perform each and  
36 every act that is necessary to collect that additional sum.

37 20042. Notwithstanding Section 13340 of the Government  
38 Code, there is hereby appropriated from the General Fund in the  
39 State Treasury, for purposes of this chapter, an amount that will  
40 equal the total of the following:

1 (a) The sum annually necessary to pay the principal of, and  
2 interest on, bonds issued and sold pursuant to this chapter, as the  
3 principal and interest become due and payable.

4 (b) The sum necessary to carry out Section 20043, appropriated  
5 without regard to fiscal years.

6 20043. For purposes of carrying out this chapter, the Director  
7 of Finance may authorize the withdrawal from the General Fund  
8 of an amount or amounts not to exceed the amount of the unsold  
9 bonds that have been authorized to be sold for purposes of carrying  
10 out this chapter. Amounts withdrawn shall be deposited in the  
11 fund. Money made available under this section shall be returned  
12 to the General Fund, with interest at the rate earned by the money  
13 in the Pooled Money Investment Account during the time the  
14 money was withdrawn from the General Fund pursuant to this  
15 section, from money received from the sale of bonds for purposes  
16 of carrying out this chapter.

17 20044. The board may request the Pooled Money Investment  
18 Board to make a loan from the Pooled Money Investment Account  
19 or any other approved form of interim financing, in accordance  
20 with Section 16312 of the Government Code, for purposes of  
21 carrying out this chapter. The amount of the request shall not  
22 exceed the amount of the unsold bonds that the committee, by  
23 resolution, has authorized to be sold for purposes of carrying out  
24 this chapter. The board shall execute any documents required by  
25 the Pooled Money Investment Board to obtain and repay the loan.  
26 Any amounts loaned shall be deposited in the fund to be allocated  
27 by the board in accordance with this chapter.

28 20045. Bonds issued and sold pursuant to this chapter may be  
29 refunded by the issuance of refunding bonds in accordance with  
30 Article 6 (commencing with Section 16780) of Chapter 4 of Part  
31 3 of Division 4 of Title 2 of the Government Code. Approval by  
32 the electors of the state for the issuance of bonds under this chapter  
33 shall include the approval of the issuance of any bonds issued to  
34 refund bonds originally issued or previously issued refunding  
35 bonds.

36 20046. Notwithstanding any other provision of this chapter,  
37 or of the State General Obligation Bond Law, if the Treasurer sells  
38 bonds pursuant to this chapter that include a bond counsel opinion  
39 to the effect that the interest on the bonds is excluded from gross  
40 income for federal tax purposes, subject to designated conditions,

1 the Treasurer may maintain separate accounts for the investment  
2 of bond proceeds and for the investment earnings on those  
3 proceeds. The Treasurer may use or direct the use of those proceeds  
4 or earnings to pay a rebate, penalty, or other payment required  
5 under federal law or take any other action with respect to the  
6 investment and use of those bond proceeds required or desirable  
7 under federal law to maintain the tax-exempt status of those bonds  
8 and to obtain any other advantage under federal law on behalf of  
9 the funds of this state.

10 20047. All money deposited in the fund that is derived from  
11 premium and accrued interest on bonds sold pursuant to this chapter  
12 shall be reserved in the fund and shall be available for transfer to  
13 the General Fund as a credit to expenditures for bond interest.

14 20048. The Legislature hereby finds and declares that,  
15 inasmuch as the proceeds from the sale of bonds authorized by  
16 this chapter are not “proceeds of taxes” as that term is used in  
17 Article XIII B of the California Constitution, the disbursement of  
18 these proceeds is not subject to the limitations imposed by that  
19 article.

20 20049. Amounts deposited in the fund pursuant to this chapter  
21 may be appropriated in the annual Budget Act to the State Librarian  
22 for the actual amount of office, personnel, and other customary  
23 and usual expenses incurred in the direct administration of grant  
24 projects pursuant to this chapter, including, but not limited to,  
25 expenses incurred by the State Librarian in providing technical  
26 assistance to an applicant for a grant under this chapter.

27 SEC. 2. (a) Section 1 of this act shall take effect upon the  
28 adoption by the voters of the California Reading and Literacy  
29 Improvement and Public Library Construction and Renovation  
30 Bond Act of 2014, as set forth in Section 1 of this act.

31 (b) Section 1 of this act shall be submitted to the voters at the  
32 2014 statewide general election in accordance with provisions of  
33 the Elections Code and the Government Code governing  
34 submission of statewide measures to voters.

35 SEC. 3. (a) Notwithstanding any other law, all ballots of the  
36 election shall have printed on the ballot and in a square of the  
37 ballot, the words: “California Reading and Literacy Improvement  
38 and Public Library Construction and Renovation Bond Act of  
39 2014” and in the same square under those words, the following in  
40 8-point type: “This act provides for a bond issue in an amount not

1 to exceed a total of \_\_\_\_ dollars (\$\_\_\_\_) to provide funds for the  
2 construction and renovation of public library facilities in order to  
3 expand access to reading and literacy programs in California's  
4 public education system and to expand access to public library  
5 services for all residents of California." Opposite the square, there  
6 shall be left spaces in which the voters may place a cross in the  
7 manner required by law to indicate whether they vote for or against  
8 the act.

9 (b) If the voting in the election is done by means of voting  
10 machines used pursuant to law in the manner that carries out the  
11 intent of this section, the use of the voting machines and the  
12 expression of the voters' choice by means of the voting machines  
13 are in compliance with this section.

O